

RA3

UNAPPROVED MINUTES  
CITY OF MILPITAS

Minutes: Regular Meeting of Milpitas Redevelopment Agency (Including  
Joint Meeting with City Council)  
Date of Meeting: September 2, 2003  
Time of Meeting: 9:02 p.m.  
Place of Meeting: Council Chambers, City Hall

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**RA1.  
CALL TO ORDER**

Mayor Esteves called to order the regular meeting of the Milpitas Redevelopment Agency, meeting jointly with the City Council, at 9:02 p.m.

**RA2.  
ROLL CALL**

Present were Mayor Esteves, Vice Mayor Dixon, and Agency/Councilmembers Gomez, Livengood, and Polanski.

**RA3.  
MINUTES**

MOTION to approve the Redevelopment Agency minutes of August 19, 2003, including joint meeting with the City Council, as submitted.

M/S: Dixon, Polanski.

Ayes: 5

**RA4.  
AGENDA**

Councilmember Livengood requested item RA6 be removed from the Consent Calendar for discussion. Mayor Esteves said item RA7 could remain on Consent but requested staff provide some financial ratios to tell us where we are and provide more details in the work plan on the capital projects not expected to be completed this year.

MOTION to approve the agenda and Consent Calendar as amended by the removal of item RA6 and the additional information requested by Mayor Esteves for item RA7.

M/S: Livengood, Dixon.

Ayes: 5

**RA5.  
SERIES 2003 BONDS**

City Manager Thomas Wilson reported this item was to follow up on the last meeting's work, which was to review conceptually the 2003 Bond Refunding and New Money, and to finalize those plans and move forward with recommendations for considering the Financial Plan and for adoption of the necessary resolutions to prepare for issuance of 2003 Bonds. Mr. Wilson said he would first like to take moment to remind everybody how we are addressing this and what is involved as far as the various components; this was a multi-jurisdictional effort with the Council wearing a number of hats; the Council served as the Redevelopment Agency and also as the Financing Authority. Mr. Wilson introduced Agency consultants present Don Fraser, Fraser & Associates, Tom Dunphy, Lamont Financial, and Scott Sollars, Stone & Youngberg; David Oster, Bond Counsel was not present; in addition, the two co-managing underwriters, if approved tonight, were UBS Financial Services and First Albany Corporation who were not present.

Mr. Wilson further reported this team has been working for a number of months in providing staff with all of the work that has amended the Agency's financial capacity and brought us to the point to consider tonight some very key financial moves by the Agency. Mr. Wilson explained the major components of the Series 2003 Bonds that included the refinancing of the 1997 and 2000 Bonds at approximately \$63 million; the initial payments of the Elmwood property acquisition at \$44 million; the library and senior center development and construction at \$50 million; the Midtown infrastructure projects at \$30 million; and the cost of issuance, bond insurance, and underwriter's discount at \$8 million; for a total of \$195 million of new debt.

Councilmember Gomez inquired that as priorities change, would the City/Agency be locked into the projects once the bonds were issued or if there were cost savings, could the money be used for other projects/priorities that may come up. Mr. Wilson responded the simple answer was yes.

Councilmember Livengood inquired if any of the money had been allocated or designated for Terrace Gardens. Mr. Wilson responded that no Redevelopment monies were designated for

Terrace Gardens. Mr. King added that in the 1997 Bond issue, there was money set aside for senior housing but was not specifically noted for Terrace Gardens. Mr. Wilson said it was his understanding that \$6 million was set aside for senior housing and conceptually dedicated for the property associated with the DeVries House.

Councilmember Livengood asked how much money was currently designated for the Library in addition to the \$5 million previously set aside from the General Fund. Finance Director Emma Karlen responded currently there was approximately \$3 million generated from the TOT earmarked for the Library project. Councilmember Livengood commented that if the whole thing was to be financed, the costs go up significantly; if we were able to hold on to that money and apply it to the project in the beginning, it would bring the cost of the project down. Councilmember Livengood said he was still very supportive of using that money to keep this project under cost and budget.

Assistant City Manager Blair King reviewed how the annual tax increment fund balances were set up, showing how the annual tax increment flow would be structured so that the Agency can make its debt service and still pay the following expenses on an annual basis – the General Fund administrative reimbursement, the housing set-aside, tax increment pass-through, the ERAF shifts, the annual County payment, and if any money is available, it would be put in reserves and used for economic development opportunities within the project areas. Mr. King reported that the end of this fiscal year, June 2004, staff believed the Agency would have about 40 million in cash and about 8 million in land. Mr. King said staff was moving forward with this program but anticipated in four or five years (2007-2008), based upon growth, the Agency would have the capability of having another new bond issue to fund new projects up to approximately \$70 million.

City Manager Wilson reviewed the recommendations before the Agency.

**MOTION to:**

1. Approve the uses and bond financing structure for a Series 2003 Tax Allocation Bond.
2. Approve the selection of Stone & Youngberg to serve as Senior Managing Underwriter and UBS Financial Services and First Albany Corporation to serve as Co-managing Underwriters for a negotiated bond.
3. Adopt Agency Resolution No. RA213 requesting the assistance of the Milpitas Public Financing Authority in connection with the financing and refinancing of redevelopment activities and calling for the convening of a special meeting of the Authority.

M/S: Gomez, Livengood.

Ayes: 5

**RA6.  
FY 2002-03 BUDGET  
ADJUSTMENTS**

Councilmember Livengood removed this item from the Consent Calendar. Finance Director Emma Karlen reported Finance was in the middle of closing the City and Redevelopment Agency books for Fiscal Year 2002-03, all departments and fund budgets had been reviewed and it was determined that there was a deficit that needed to be recovered from the fund balances, and included in the Council's packets was a staff report and summary showing the necessary budget adjustments and where the funds were coming from. Ms. Karlen further reported the overall fiscal impact of the budget adjustments was a net of \$955,000 and there was no impact on the General Fund.

Councilmember Livengood inquired about the \$60,000 and \$58,000 transferred into the Public Works Department. Ms. Karlen responded the \$60,000 was for emergency tree work the City crews did for Lighting and Landscape Maintenance District 95-1 at McCarthy Ranch and the \$58,000 was for positions related to the Redevelopment Agency that were included in the budget but the allocation wasn't funded sufficiently from the Redevelopment Agency. Councilmember Livengood said he asked these questions because the City is constantly telling people we can't use Redevelopment Agency funds except for Redevelopment-related things and when transfers are made, they aren't always clear to the public as to why; he wanted to be sure that every time this is done that it is justified because he didn't want to be in a position where people think every time we need money we can go to the Redevelopment Agency.

MOTION to approve the Fiscal Year 2002-2003 year-end budget appropriations and transfers as itemized in the budget change form included in the Agency/Council/s agenda packets.

M/S: Livengood, Gomez.

Ayes: 5

**\*RA7.  
FINAL BUDGETS**

Noted receipt and filed the 2003-2004 Final Budget and the 2003-2008 Final Capital Improvement Program Budget.

**\*RA8.  
CIVIC CENTER PROJECT**

Approved purchase orders in the amount of \$16,406 included in the summary sheet and noted receipt and filed progress report on project closeout and 3<sup>rd</sup> and 4<sup>th</sup> floor improvements.

**RA9.  
ADJOURNMENT**

There being no further Redevelopment Agency business, Mayor Esteves adjourned the Redevelopment Agency meeting at 9:44 p.m.

Gail Blalock  
City Clerk/Secretary